

Protest
no Reply Received
4-15-91

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
MAR 06 1991

Dear Applicant:

We have considered your application for recognition of exemption from federal income tax under section 501(c)(3) of the Internal Revenue Code.

The information presented shows that you were incorporated on [REDACTED], as not for profit, under the laws of the state of [REDACTED] for the purpose of providing education and information to show the adverse impact on the economy of the United States of continued aid to communist governments, including for such purposes, the making of distributions to organizations that qualify as exempt organizations under section 501(c)(3) of the Code.

Your receipts are derived from contributions from individuals and corporations and interest income. Disbursements are made for various operating and administrative expenses.

In your most recent correspondence to this office dated [REDACTED], you stated that while your original intent, in addition to influencing business and government was to hold regional seminars, forums and other means of providing information to the public on the issue of the adverse impact on the economy of the United States of continued aid to Communist governments by the United States, due to lack of funds you have decided to eliminate these events from your program of activities.

Instead, the information presented shows that you are engaged primarily in carrying on a substantial letter-writing campaign to the President of the United States and members of the United States Congress, the objective of which is to oppose any efforts of providing United States aid to the Soviet Union and Communist Bloc countries through special trade benefits, low interest loans and the transfer of technological equipment to such countries. You enclosed for our examination representative copies of letters under the signatures of your president or executive director to the President of the United States, other members of the Executive Office of the President of the United States and members of the United States Congress expressing your views on the issue of giving aid and assistance to the Soviet Union and Communist Bloc countries. The letters importune the

[REDACTED]

Congressmen to vote in a particular manner on bills before them relating to economic and other assistance to Communist countries.

Section 501(c)(3) of the Code provides for the exemption of organizations that are organized and operated exclusively for religious, charitable, scientific, literary, educational and other purposes.

Section 1.501(c)(3)-1(a)(1) of the Income Tax Regulations provides, in part, as follows: "In order to be exempt as an organization described in section 501(c)(3), an organization must be both organized and operated exclusively for one or more of the purposes specified in such section."

Section 1.501(c)(3)-1(c)(3)(i) of the Regulations provides that an organization is not operated exclusively for one or more exempt purposes if it is an "action" organization.

Section 1.501(c)(3)-1(c)(3)(ii) of the Regulations states that an organization is an "action" organization if a substantial part of its activities is attempting to influence legislation by propaganda or otherwise. For this purpose, an organization will be regarded as attempting to influence legislation if the organization contacts, or urges the public to contact, members of a legislative body for the purpose of proposing, supporting, or opposing legislation.

Section 1.501(c)(3)-1(c)(3)(iv) of the Regulations further provides that an organization is an "action" organization if it has the following two characteristics; (a) Its main or primary objective may be attained only by legislation or a defeat of proposed legislation; and (b) it advocates, or campaigns for, the attainment of such main or primary objective, as distinguished from engaging in nonpartisan analysis, study, or research and making the results thereof available to the public.

Section 1.501(c)(3)-1(d)(3)(i) of the Regulations states, in part, that:

"The term 'education', as used in section 501(c)(3), relates to --

- (a) The instruction or training of the individual for the purpose of improving or developing his capabilities;
- or
- (b) the instruction of the public on subjects useful to the individual and beneficial to the community.

[REDACTED]

In Rev. Rul. 66-256, 1966-2 C.B. 210, the Service published the position that a nonprofit organization established to conduct public forums at which lectures and debates on social, political and international matters are presented, sometimes on controversial subjects and by speakers considered to be controversial, was entitled to recognition of exemption under section 501(c)(3) of the Code as an educational organization.

In Rev. Rul. 62-71, 1962-1 C.B. 85, the Service published the position that an organization which has as its primary objective the advocacy of a doctrine or theory which can become effective only by the enactment of legislation is not entitled to recognition of exemption from federal income tax under section 501(c)(3) of the Code as it is an "action" organization.

Based on the information presented, it is the conclusion of this office that you do not meet the requirements for recognition of exemption from federal income tax under section 501(c)(3) of the Code. The basis for this conclusion is that you are engaged primarily in a lobbying effort aimed at influencing members of Congress and the President of the United States in defeating legislation which would provide economic aid and assistance to Communist governments. In view, thereof, you are an "action" organization within the meaning of section 1.501(c)(3)-1(c)(3)(ii) of the Regulations cited above. In this connection, we believe you are operated similar to the organization described in Rev. Rul. 62-71 (supra.) inasmuch as the objectives of your organization can only be attained by legislation or the defeat of proposed legislation.

Accordingly, for the foregoing reasons you are not entitled to recognition of exemption from federal income tax under section 501(c)(3) of the Code and you are required to file federal income tax returns with your key District Director. Furthermore, consistent with this position, contributions made by individuals to you are not deductible for tax purposes under section 170 of the Code.

You have the right to protest this ruling if you believe it is incorrect. To protest, you should submit a statement of your views, with a full explanation of your reasoning. This statement, signed by one of your officers, must be submitted within 30 days from the date of this letter. You also have a right to a conference in this office after your statement is submitted. You must request the conference, if you want one, when you file your protest statement. If you are to be represented by someone who is not one of your officers, that person will need to file a proper power of attorney and otherwise qualify under our Conference and Practices Requirements.

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[REDACTED]

If we do not hear from you within 30 days, this ruling will become final and copies will be forwarded to your key District Director in Atlanta. Thereafter, any questions about your federal income tax status should be addressed to that office.

If you do not protest this proposed ruling in a timely manner, it will be considered by the Internal Revenue Service as a failure to exhaust available administrative remedies. Section 7428(b)(2) of the Code provides, in part, that a declaratory judgment or decree under this section shall not be issued in any proceeding unless the Tax Court, the Claims Court, or the District Court or the United States for the District of Columbia determines that the organization involved has exhausted administrative remedies available to it within the Internal Revenue Service.

Sincerely yours,

[REDACTED]
Chief, Exempt Organizations
Rulings Branch 2

✓ cc:

[REDACTED] 6.6-9/ dk
Attn: EO Group

Code	Initiator	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer
Summa	[REDACTED]	[REDACTED]					
Date	3-4-91	3/4/91					